

§ 457.1240

(2) Each MCO, PIHP, and PAHP must implement an Application Programming Interface (API) as specified in § 457.730 as if such requirements applied directly to the MCO, PIHP, or PAHP, and include—

(i) All encounter data, including encounter data from any network providers the MCO, PIHP, or PAHP is compensating on the basis of capitation payments and adjudicated claims and encounter data from any subcontractors.

(ii) [Reserved]

(3) Implement, by January 1, 2021, and maintain a publicly accessible standards-based API described in § 457.760, which must include all information specified in § 438.10(h)(1) and (2) of this chapter.

(e) *Privacy protections.* The state must ensure, through its contracts, that each MCO, PIHP, and PAHP complies with the privacy protections as provided in § 457.1110.

[81 FR 27897, May 6, 2016, as amended at 82 FR 40, Jan. 3, 2017; 85 FR 25637, May 1, 2020]

QUALITY MEASUREMENT AND IMPROVEMENT; EXTERNAL QUALITY REVIEW

§ 457.1240 Quality measurement and improvement.

(a) *Scope.* This section sets forth requirements related to quality assessment and performance improvement that the State must meet in contracting with an MCO, PIHP, PAHP, or certain PCCM entities.

(b) *Quality assessment and performance improvement program.* The State must require, through its contracts, that each MCO, PIHP, and PAHP must establish and implement an ongoing comprehensive quality assessment and performance improvement program for the services it furnishes to its enrollees as provided in § 438.330 of this chapter, except that the terms of § 438.330(d)(4) of this chapter (related to dual eligibles) do not apply. In the case of a contract with a PCCM entity described in paragraph (f) of this section, § 438.330(b)(3), (c), and (e) of this chapter apply.

(c) *State review of the accreditation status of MCOs, PIHPs, and PAHPs.* The State must review the accreditation status of each MCO, PIHP, and PAHP

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in accordance with the requirements as set forth in § 438.332 of this chapter.

(d) *Managed care quality rating system.* The State must determine a quality rating or ratings for each MCO, PIHP, and PAHP in accordance with the requirements set forth in § 438.334 of this chapter.

(e) *Managed care quality strategy.* The State must draft and implement a written quality strategy for assessing and improving the quality of health care and services furnished CHIP enrollees as described in § 438.340 of this chapter.

(f) *Applicability to PCCM entities.* For purposes of paragraphs (b) and (e) of this section and § 457.1250(a), a PCCM entity described in this paragraph is a PCCM entity whose contract with the State provides for shared savings, incentive payments or other financial reward for improved quality outcomes.

[81 FR 27897, May 6, 2016, as amended at 82 FR 40, Jan. 3, 2017]

§ 457.1250 External quality review.

(a) Each State that contracts with MCOs, PIHPs, or PAHPs must follow all applicable external quality review requirements as set forth in §§ 438.350 (except for references to § 438.362), 438.352, 438.354, 438.356, 438.358, 438.360 (only with respect to nonduplication of EQR activities with private accreditation) and § 438.364 of this chapter. In the case of a contract with a PCCM entity described in § 457.1240(f), § 438.350 (except for references to § 438.362) of this chapter applies.

(b) A State may amend an existing EQRO contract to include the performance of EQR-related activities and/or EQR in accordance with paragraph (a) of this section.

[81 FR 27897, May 6, 2016, as amended at 82 FR 40, Jan. 3, 2017]

GRIEVANCE SYSTEM

§ 457.1260 Grievance system.

The State must ensure that its contracted MCOs, PIHPs, and PAHPs comply with the grievance and appeals requirements and procedures in accordance with the terms of subpart F of part 438 of this chapter, except that the terms of § 438.420 of this chapter do not

apply and that references to fair hearings should be read to refer to reviews as described in subpart K of this part. The applicability date in § 438.400(c) does not apply to CHIP.

[81 FR 27897, May 6, 2016, as amended at 82 FR 40, Jan. 3, 2017]

SANCTIONS

§ 457.1270 Sanctions.

The State must comply, and ensure that its contracted MCOs comply, with the sanctions requirements in accordance with the terms of subpart I of part 438 of this chapter.

§ 457.1280 Conditions necessary to contract as an MCO, PAHP, or PIHP.

(a) The State must assure that any entity seeking to contract as an MCO, PAHP, or PIHP under a separate child health program has administrative and management arrangements or procedures designed to safeguard against fraud and abuse.

(b) The State must ensure that the arrangements or procedures required in paragraph (a) of this section—

(1) Enforce MCO, PAHP, and PIHP compliance with all applicable Federal and State statutes, regulations, and standards.

(2) Prohibit MCOs, PAHPs, and PIHPs from conducting any unsolicited personal contact with a potential enrollee by an employee or agent of the

MCO, PAHP, or PIHP for the purpose of influencing the individual to enroll with the entity.

(3) Include a mechanism for MCOs, PAHPs, and PIHPs to report to the State, to CMS, or to the Office of Inspector General (OIG) as appropriate, information on violations of law by subcontractors, providers, or enrollees of an MCO, PAHP, or PIHP and other individuals.

(c) With respect to enrollees, the reporting requirement in paragraph (b)(3) of this section applies only to information on violations of law that pertain to enrollment in the plan, or the provision of, or payment for, health services.

(d) The State may inspect, evaluate, and audit MCOs, PIHPs, and PAHPs at any time, as necessary, in instances where the State determines that there is a reasonable possibility of fraudulent or abusive activity.

[66 FR 2685, Jan. 11, 2011. Redesignated and amended at 81 FR 27900, May 6, 2016]

§ 457.1285 Program integrity safeguards.

The state must comply with the program integrity safeguards in accordance with the terms of subpart H of part 438, except that the terms of § 438.604(a)(2) of this chapter do not apply.

[81 FR 27900, May 6, 2016]